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# US Assistance to Central and Eastern Europe: An Overview



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**EASTERN EUROPE  
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# Overview

## Objectives and Funding

In 1989, the United States began an assistance program to support political and economic transition in Central and Eastern Europe. The initial focus was on Poland and Hungary where progress toward democracy and a market economy was most advanced. The program included urgent humanitarian aid, technical assistance, and direct economic aid. Today, the assistance program also includes Czechoslovakia, Bulgaria, Romania, Yugoslavia, and—most recently—Albania, Estonia, Latvia, and Lithuania.

President Bush outlined the framework of US assistance in an April 1989 speech. The President envisioned a free, democratic Eastern Europe and committed the United States to assist nations initiating political and economic reforms. In 1990, Secretary Baker explained "new democratic differentiation" in which assistance would be tailored to the specific needs of each country as it moved positively toward four objectives:

- Political pluralism, including free and fair elections.
- Economic reform through development of a market economy with a substantial private sector.
- Respect for internationally recognized human rights.
- Friendly relations with the United States.

Since 1989, the United States has committed \$1.5 billion in grants and other forms of assistance to Central and Eastern Europe. Most of this assistance has been in the form of grants since the United States believes that grant assistance is qualitatively better and

more appropriate for the debt burdened economies of Central and Eastern Europe.\*

These special assistance grant programs are funded primarily through the US Agency for International Development (USAID). USAID and other US Government agencies—particularly the US Information Agency (USIA), the Treasury Department, the Environmental Protection Agency, the Department of Energy, and the Department of Labor—are designing and delivering a wide range of technical assistance programs. Private voluntary organizations (PVOs) funded by the US Government also play an important role in this effort.

These assistance projects complement the programs which several US Government agencies are carrying out independently. For example, insurance programs of the Overseas Private Investment Corporation (OPIC) and trade credits of the Export-Import Bank worth several hundred million dollars offer additional support for private sector business activity in Central and Eastern Europe. The Trade and Development Program finances feasibility and project planning studies to help industries in the region restructure. The Peace Corps offers English language instruction, environmental protection and business training, and humanitarian assistance. USIA is expanding its established cultural, information and exchange activities as well as its regional radio and television programming to include business administration, media training, and local government.

\* Unless otherwise noted, assistance figures stated in this document refer only to grants.

The United States is also a major contributor to multilateral financial institutions such as the World Bank (International Bank of Reconstruction and Development—IBRD), the International Monetary Fund (IMF), and the new European Bank for Reconstruction and Development (EBRD). The United States has encouraged the World Bank to provide strong support to regional redevelopment, and the IBRD plans to lend \$9 billion or more to countries in the region. The United States also led the way in obtaining an additional \$7.5 billion in funding from the IMF for Central and Eastern Europe.

During FY 1991, the United States provided \$380 million in bilateral economic assistance. In addition, the United States contributed \$70 million as its paid-in capital contribution to the new EBRD and donated food aid valued at more than \$85 million. The Administration has requested \$400 million for bilateral economic assistance and \$70 million for the EBRD in FY 1992; food assistance is over and above these figures. In addition, \$200 million committed in 1989 to the Polish Stabilization Fund may be converted into a direct grant to the Polish Government.

## Programs

The United States focuses the major part of its assistance effort on priority areas crucial to the success of a country's reform efforts. Assistance programs for Central and Eastern Europe fall within three broad categories:

**Democratic Initiatives:** Development of the institutions and practices of democratic, pluralistic

societies based on western values of human rights and individual freedoms.

**Economic Restructuring:** Transformation of centrally planned economies to market-based economies led by the private sector and integrated into the world economy.

**Quality of Life:** Improvement of the basic quality of life while countries undergo the process of political reform and economic restructuring.

Within the functional areas, the United States has consulted with the recipients to develop regional programs which meet their priorities. In addition, consultation through the G-24 coordination mechanism, chaired by the European Community (EC) Commission in Brussels, ensures that US programs complement those of other donors.

In its assistance programs, the United States has introduced a mix of traditional elements and innovative solutions to the problems facing societies in transition. A private voluntary organization, which provides technical assistance and delivers humanitarian aid directly to the people, is an example of a traditional assistance mechanism. In the area of management training and economics, funding has been provided for links between American universities and their Central and East European counterparts. Similarly, partnerships have been formed between American and Central and East European hospitals to transfer modern medical knowledge and technology.

Among the more innovative responses has been the US Government's decision to help create and finance new private sector entities to deliver assistance to Central and Eastern Europe. "Enterprise Funds" with a mandate

to invest in and promote the private sector have been created for Poland, Hungary, Czechoslovakia, and Bulgaria. These will have a total, multi-year capitalization of \$425 million. The Regional Environmental Center was established in Budapest in September 1990 as part of the President's environmental outreach initiative. The International Media Fund was established to assist broadcasters, publishers, and journalists attain autonomy and develop the standards and practices of a free press. The Citizens Democracy Corps (CDC) is a non-profit organization created to promote and direct private voluntary assistance to the region.

### Trade and Investment

Increasingly, it is clear that expanded trade and investment with the West will make a significant contribution to the economic transformation of Central and Eastern Europe and will create employment and income-enhancing opportunities for the people of the region. This, combined with the privatization of social support systems, will contribute to a higher standard of living.

The United States has contributed significantly to the expansion of trade and investment in the region and has taken the lead in seeking debt reduction for Poland. The unprecedented Paris Club debt forgiveness agreement should improve Poland's potential for economic growth while enhancing its attractiveness to foreign investors.

Exports from Poland, Hungary, Czechoslovakia and Yugoslavia already receive most-favored-nation (MFN) treatment in the United States. (Bulgaria, Albania, and the Baltic states will soon be added to this list.) In addition, these same countries benefit from duty free access for some categories of

exports under the Generalized System of Preferences. President Bush's new Trade Enhancement Initiative seeks to eliminate both internal and external barriers to trade and investment within the region. Under this initiative a team of experts visited Central and Eastern Europe, identified key barriers to the region's export expansion, and recommended action to remove those barriers. These recommendations formed the basis for the package program approved by the President to implement his initiative.

In an effort to promote increased business activity by US companies in the region, President Bush announced the American Business and Private Sector Development Initiative. This \$45-million project is designed to promote:

- Growth of US trade and investment to the region;
- Participation of US firms in infrastructure development; and
- Increased involvement of small and medium-sized US companies in bilateral trade.

The primary emphasis of the initiative will be on five sectors of critical importance to the region's development: agriculture and agribusiness, energy, environment, telecommunications, and housing. Emphasis on these five sectors will not preclude extending this project to additional sectors, such as health and finance, when opportunities are identified.

The initiative provides for the establishment of an American Business Center in Warsaw which can offer office space and technical services to visiting businesses. Efforts are underway to expand OPIC's authority to make equity investments in promising joint ventures not only in the region but worldwide.



# Albania

## Democratic Initiatives

The National Republican Institute and National Democratic Institute will provide infrastructure support, assistance in electoral law drafting, and election monitoring service in preparation for the next national elections.

The American Bar Association's Central and East European Law Initiative group will provide short-term legal assistance in drafting of a new constitution.

The International Media Fund, which will provide desktop publishing equipment for independent newspapers, is planning a conference in Tirana of American and Albanian journalists and plans to provide an independent consortium with a printing press and related supplies.

USIA will assist in printing textbooks for primary schools, providing university curriculum advisers and participant training for university professors in the United States, and developing links to the University of Tirana. USIA will also sponsor training for six to eight Albanian parliamentarians in the United States and will work with the International Media Fund to make Worldnet service available in Albania.

## Economic Restructuring

**Agriculture:** Assistance in agriculture and agribusiness will be the central focus of the Albania program. To support activities in this sector the United States will create a \$45-million multi-donor agricultural support fund to assist in the implementation of a new agricultural pricing system and to provide agricultural credit and currency for input purchases.

The United States will also provide a long-term adviser to work with the Ministry of Agriculture to address agribusiness development and price policy reform.

The Volunteers for Overseas Cooperative Assistance (VOCA) will be placing American farmers and agricultural experts in Albanian cooperatives to assist in privatization, management, and agribusiness. In support of this program, the Land of Lakes cooperative and the Agricultural Cooperative Development International will supply technical assistance. VOCA volunteers have already arrived in Tirana to begin work.

The US Department of Agriculture will establish an extension service program, provide expertise in irrigation and pesticide management, and provide assistance on a market information system and agricultural statistics. Albania also will be eligible for assistance under the USAID agriculture and agribusiness project.

**Privatization and Business Development:** USAID will provide a senior macro-economic adviser to focus on restructuring the government's budget and improving budgetary procedures at the Ministry of Finance. A long-term adviser to assist in the privatization of banking may be provided to the Ministry of Finance under the Treasury Department's existing program.

USAID will also provide one long-term adviser to the Deputy Prime Minister and short-term technical assistance to related ministries to help with the development of a comprehensive privatization strategy. Short-term advisers also will be provided in the areas of competition policy and commercial law.

## Priorities

- Agricultural development
- Agribusiness
- Humanitarian Assistance

Both the International Executive Service Corps and the Financial Services Volunteer Corps, private-sector initiatives with US Government support, can supply advisers to individual enterprises and the Albanian Government in management and privatization.

The Citizens Democracy Corps helps mobilize American corporate and private foundation resources to support Albania's transition.

Albania will be included in USAID's management training and economics education program.

## Quality of Life

**Humanitarian Assistance:** During a visit to Tirana at the end of June, Secretary Baker announced a \$6-million package of emergency assistance. The United States will provide a total of 7,000 metric tons (mt) of powdered milk. The first shipment, valued at \$10 million, will arrive in early October. The Department of Agriculture may also provide up to 40,000 mt of wheat, valued at \$5 million. The establishment of pre-school and low-income feeding programs is under consideration.

Under the Emergency Medical Assistance program, Project HOPE will be providing about \$1-million worth of medicines and basic equipment to Albania.

# Bulgaria

## Democratic Initiatives

**Democratic Institution-Building:** Under an initiative of the House of Representatives, the United States provides technical assistance and equipment to the Bulgarian National Assembly, including new member training, the donation of periodicals and books to the Assembly library, and providing office equipment to support the infrastructure of the parliament.

USIA and USAID will provide assistance for the election process and civic education, party building, parliamentary training, technical assistance in the area of electoral law reform, independent media, rule of law, citizens networks, educational reform, books for democracy, support for local government, and English language teaching.

USIA also provides a broad range of exchanges in law, education and educational reform, the environment, management, mass media, and the development of non-profit organizations. USAID and USIA will help establish the American University in Bulgaria.

The International Media Fund will support independent media through the provision of equipment and technical assistance.

**Management Training:** USAID granted \$1.5 million to the University of Delaware to carry out a management training and market economics program. The University of Delaware already has relationships with nine institutions in Bulgaria.

USIA has awarded a grant to the University of Arizona to develop management training expertise at the University of National and World Economics in Sofia. In addition, five Bulgarian faculty members and managers will spend a year at US universities as

Alexander Hamilton fellows. The academic year will be followed by a 2-3 month internship. In exchange, two US Hamilton fellows will be sent to Bulgaria.

Video series on private business and economic issues also have been acquired for translation and broadcast on Bulgarian television.

**English Teaching:** The Peace Corps has placed 26 volunteers in Bulgaria to teach English. In coming years, volunteers will also focus on business education.

Five experts in teaching English as a foreign language will be assigned by USIA to Bulgarian training institutes. Teaching materials will also be provided.

**Labor:** The Department of Labor is providing technical assistance to Bulgaria, targeting public employment services reform, economic education for workers, and Labor Ministry-institution building. A key project is the establishment of a model employment office.

## Economic Restructuring

**Agriculture:** Assistance in agriculture and agribusiness will be the central focus of the Bulgarian program. To support activities in this sector, a \$10-million grant will reimburse the Bulgarian Government for US imports and generate local currency to finance a program to privatize state farms in Bulgaria.

In addition, an Enterprise Fund, which will focus on agricultural and agribusiness development, has been announced for Bulgaria. It emphasizes technical assistance as well as investment in these sectors. The \$50 million in capitalization will be provided over a 3-year period.

An adviser is working with the Ministry of Agriculture for a 1-2 year period to address economic research, agribusiness development,

## Priorities

- Agricultural development
- Agribusiness
- Privatization

and policy reform. Short-term advisers also are being provided.

In response to specific requests, the US Department of Agriculture is developing a model for returning land to private ownership, a watershed plan for a highly erodible region that produces export crops in southwestern Bulgaria, a soil survey, and conservation plans.

USDA is also extending the Cochran Middle Income Country Exchange Program to Bulgaria. Participants in this program will come from agribusiness, cooperatives, mid-level management, agricultural credit, and other related sectors.

USAID has provided funding to the Volunteers for Overseas Cooperative Assistance to give technical assistance to agribusinesses and cooperatives, including agricultural banks. VOCA volunteers have already begun work in Sofia.

Bulgaria also is eligible for assistance under the agribusiness and agricultural education project. An American cooperative has a grant to provide management training in the dairy industry.

**Privatization:** Bulgaria will be eligible to draw upon the resources available under a USAID privatization contract. This multi-million dollar project will provide experts and consultants to support Bulgaria's privatization efforts.

**Energy:** The United States will supply technical assistance and equipment. An energy audit program to identify short-term efficiency measures is now underway. Audits have already been conducted on eight power plants. The program also provides training in the use of world spot and futures markets to purchase oil. Bulgaria will also be eligible to draw on the regional energy efficiency project being developed with the World Bank for assistance in energy efficiency and restructuring, electric power modernization, and oil and gas systems.

**Technical assistance** in the area of nuclear safety will be provided through USAID, the Department of Energy, and the Nuclear Regulatory Commission.

**Financial Services:** The Treasury Department will be providing at least one long-term adviser to work with the Ministry of Finance and the Central Bank. The US Treasury Department is planning a Bank Training Institute, and Bulgaria will be eligible to draw upon the services of regional tax

policy advisers. In addition, the Financial Services Volunteer Corps (FSVC) has a program in Bulgaria.

**Competition Policy:** The Department of Justice and the Federal Trade Commission provide technical assistance to the Bulgarians in the areas of anti-monopoly law, bankruptcy law, and competition policy.

**Telecommunications:** The Federal Communications Commission and the National Telecommunications and Information Administration are providing technical assistance in spectrum management. Assistance also is being provided on the privatization of the telecommunications industry.

### Quality of Life

**Humanitarian Assistance:** A total of 800,000 mt of feed grain, valued at about \$48 million, has been given to Bulgaria in FY 1991.

Under the Emergency Medical Assistance program, Project HOPE is providing \$1.8 million worth of medicines to Bulgaria.

Catholic Relief Services, a private voluntary organization, will provide critically needed medical

supplies to targeted institutions.

USAID's "Partners in Health Care" project provides for direct links between medical institutions in the United States and similar facilities in Bulgaria.

The YMCA has received a grant under the Humanitarian/Development Project to strengthen the leadership capabilities of youth in Bulgaria.

The International Eye Foundation received a grant to work with the Ministry of Health, the Medical Academy, and the University of Sofia to establish a national "Center for Sight" capable of providing a sustainable eye care system.

**Environment:** USAID, EPA, and the World Bank are cooperating on a joint environmental action plan with Bulgarian authorities. The World Environment Center is providing technical assistance on environmental conservation legislation. In addition, Bulgaria is able to draw upon the resources of the Regional Environment Center (located in Budapest) and a regional environment project managed by USAID.

## Estonia, Latvia, Lithuania

A program of assistance was recently announced for Estonia, Latvia, and Lithuania. The assistance will be offered in part through regional programs, adapted to the individual needs of the countries.

# Czechoslovakia

## Democratic Initiatives

Under an initiative of the House of Representatives, the United States provides technical assistance and equipment to the Czechoslovak Federal Assembly. The objective of this program, which is administered by the Congressional Research Service, is to strengthen the legislative process and research services in the Assembly.

USIA and USAID administer several programs which support civic organizations, educational reform, local government, media training, labor unions, and English language instruction.

**Labor:** In June 1991, the Department of Labor initiated a program of technical assistance for Czechoslovakia including tourism industry skills-training for dislocated workers, social insurance reform, economic education for workers, and labor statistics.

**Education and Exchanges:** Czechoslovakia will be able to draw on programs, funded in cooperation with American universities, to provide management and economics training in Eastern Europe. Three university consortia involving American and Czechoslovak institutions have grants to provide training in management and economics:

- The University of Pittsburgh's Management Center in Prague has a \$1.8 million grant (supplemented by \$1.8 million in non-governmental sources).
- The Indiana University School of Business has a \$1.8 million grant to support a regional management training program in cooperation with the Prague School of Economics.
- Iowa State University has a \$1.5 million grant for management training programs at the universities in Prague, Nitra, and Brno.

USIA also has awarded grants to DePaul University to work with the Prague School of Economics in business administration and to the University of Pittsburgh for a program of professional and curriculum development with the Czechoslovak Management Center and the Prague School of Economics.

The Peace Corps has placed 51 volunteers in Czechoslovakia to train English teachers. Additional environmental volunteers are expected.

USIA is providing a broad range of educational exchanges in law, educational reform, the environment, management, and the mass media. More than 200 Czechs and Slovaks will travel to the United States this year on visits under these programs, while a large number of US experts will travel to Czechoslovakia.

## Economic Restructuring

**Privatization and Restructuring:** USAID has two major privatization contracts for \$1.7 million each in the Czech and Slovak republics. The projects will result in the privatization of four large companies and the establishment of privatization training programs. Teams are working with the Ministries of Industry of the republics and the companies to be privatized. The projects should be completed by June, 1992.

The Czech and Slovak-American Enterprise Fund has opened its offices in Prague and Bratislava. The Fund will foster small and medium-sized private enterprises through equity investments. Its \$65-million capitalization will be dispersed over a 3-year period and has started with an initial grant of \$10 million in FY 1991.

The Trade and Development Program (TDP) has funded feasibility studies related to privatization and enterprise restructuring, providing:

### Priorities

- Privatization
- Energy
- Environment

- \$450,000 to study modernization of the steel industry;
- \$400,000 to study digital overlays for the telephone system;
- \$150,000 to study computer information systems for the Ministry of Trade; and
- \$400,000 to study modernization of the railway system.

The International Finance Corporation has received a grant of \$500,000 to assist in the privatization of *Skoda Plzen*, which employs more than 87,000 workers. Assistance will focus on accounting and financial management, as the company plans for privatization.

The US Government is funding an International Executive Service Corps (IESC) program in Czechoslovakia which will place advisers in management and privatization in local enterprises. IESC has offices in Prague.

The Citizens Democracy Corps (CDC) has a local representative in Prague and a regional office in Budapest. One of its major functions is to serve as a clearinghouse, matching interested sources of American assistance from the private sector with Czechoslovak partners. The CDC is considering assistance projects in health care and the environment.

The Financial Services Volunteer Corps (FSVC) offers technical assistance in the areas of privatization, banking, and the formation of capital markets. The FSVC has provided experts to the Ministry of the Economy to help draft a privatization manual for state-owned enterprises.



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The Volunteers in Overseas Cooperative Assistance, better known as the "Farmers to Farmers Program," is playing a role similar to that of the IESC in the agricultural sector.

**Banking and Finance:** The Treasury Department, in cooperation with the Czechoslovak Bankers Association and the State Bank, is establishing an Institute of Banking and Finance to train commercial bankers.

Resident and short-term advisers will be provided by the IRS in FY 1993 to strengthen tax administration. The Treasury Department is providing a long-term resident American bank adviser to the State Bank.

The Federal Communications Commission and the National Telecommunications and Information Administration are providing technical assistance in spectrum management. In conjunction with this, the United States will provide assistance on issues related to the privatization of the telecommunications industry.

The Department of Justice and the Federal Trade Commission are providing technical assistance in anti-monopoly law, bankruptcy law, and competition policy.

**Agriculture:** The Department of Agriculture's Cochran Middle Income Exchange Program, is funding a program of exchange fellowships and internships for farmers and professionals in agribusiness. Czechoslovakia will also be eligible for assistance under the agriculture/agribusiness project being designed by USAID.

### Quality of Life

**Energy:** Short-term assistance in energy efficiency has been supplied by energy "audit" teams. These teams have identified energy-saving measures—including the installation of instrumentation—carried out by US private-sector experts at six industrial plants and two refineries. The United States also helps fund an "Energy Efficiency Center" in

Prague which is disseminating information and technology on energy conservation.

USAID, the Department of Energy, and the Environmental Protection Agency provide technical assistance and training in clean coal and nuclear safety technology and to support the restructuring and privatization of energy industries.

**Environment:** As its contribution to a G-24 initiative for Czechoslovakia, the United States will make a \$15-million environmental sector grant. These funds will reimburse Czechoslovakia for the importation of US goods. Local currency generated from the grant will be used to support Czechoslovakia's environmental program and policy reforms to reduce pollution and to promote environmental protection, including financing for clean-up activities.

USAID, EPA, and the World Bank have cooperated with Czechoslovak officials in drafting a national environmental action program. In 1991, the United States will provide \$8 million in technical assistance to carry out the plan's recommendations.

Regional projects to improve air quality in the Upper Silesia/Northern Bohemia area and an integrated environmental management plan for the Katowice/Ostrava region are being developed by EPA and local officials.

The Trade and Development Program has funded two environment-related feasibility studies:

- \$300,000 for toxic waste remediation at Chabarovice near Usti nad Labem, and
- \$400,000 for hazardous waste management in Bratislava.

In addition, the program has committed \$200,000 for remediation of dioxane contamination at the Spolna Chemical Works.

USAID has a cooperative agreement with the Center for Clean Air Policy for a program of technical assistance, management, and financial training in Czechoslovakia; a program coordinator has been stationed in Prague. About 25 experts will be brought to the United States and 25 American

experts will travel to Czechoslovakia to offer assistance and training in finance, management, and environmental services such as wastewater treatment, water supply, and solid waste disposal.

In early 1992, USAID will station a senior environmental expert in Prague to act as an adviser to the Environment Ministry in the Czech Republic.

**Housing:** USAID is devising an assistance program which will focus on privatizing housing stock and helping promote a private real estate market. It also will transfer new construction technologies. The housing program will include a shelter sector action plan, seminars on legal and management issues related to housing, and technical assistance and training.

**Health:** USAID's emergency medical supply program provides medicines, vaccines, and other items such as sterile bandages and disposable syringes, and provides technical assistance. The United States also has supplied antibiotics and vaccines, particularly against influenza. USAID is developing a program of direct exchanges between Czechoslovak and American hospitals.

Project HOPE works with local institutions to improve nursing practices and education. They are also improving cancer screening for women by training health professionals in cytologic cancer screening methods. Another project provides training in resuscitation for newborns.

The American Jewish Joint Distribution Committee (JDC) is developing local professional skills in the care of disabled persons. The JDC also established a community based, professionally staffed living environment for disabled persons.

**Human Resource Development:** The YMCA operates programs to strengthen leadership through newly emerging YMCAs. Programs include service clubs, health awareness education, democratic principles and practices, and humanitarian assistance.

# Hungary

## Democratic Initiatives

Under the auspices of the US-funded Center for Parliamentary Democracy, the State University of New York has provided technical assistance, computers, and books to the Hungarian Parliament since late 1990.

The Peace Corps has 114 volunteers teaching students, training English teachers, and promoting environmental education. Twelve more environmental protection specialists are expected to arrive in November 1991.

A program carried out by the Congressional Research Service and supported by the US House of Representatives, has provided \$2 million in equipment and training, this year, to assist the Hungarian parliament.

The International Media Fund helps to finance a new American Journalism Center in Budapest in cooperation with the Hungarian Journalism Association.

USIA administers other democratic initiative programs, including book donations, media training, initiatives in support of educational reform, programs to promote the development of private voluntary organizations, rule of law initiatives, and English language training.

**Management Training:** The United States provides \$8.5 million to Hungary for management training through grants to American universities. Grants have been provided to the State University of New York, the Midwest Universities Consortium for International Activities (MUCIA), and the University of Wisconsin. These universities will run in-country

training programs in cooperation with Hungarian institutions.

USIA has awarded grants to the University of Pittsburgh and the University of Tulsa to develop management training expertise in Hungarian universities. Seven faculty members and managers will visit the United States as Alexander Hamilton fellows. The program includes a year of study and a 2-3 month internship. In addition, four American professors will teach in Hungary under the program.

Various business video series have been acquired for translation and broadcast. These programs supplement faculty and student exchanges in management training already carried out by USIA.

**Labor:** The Department of Labor provides technical assistance to support public employment service reform, dislocated worker programs, worker and family counselling, entrepreneurial skills training, labor-management relations programs, economic education for workers, and labor statistics.

## Economic Restructuring

**Privatization and Business Development:** The Hungarian-American Enterprise Fund has received a second grant installment of \$21 million this year, bringing its total capitalization to \$26 million. The remainder of the Fund's \$65 million capitalization will be disbursed in FY 1992 and FY 1993. The Fund promotes private sector activities through equity investments, loans and technical assistance.

Under USAID's regional program to supply technical assistance in the area of privatization, the Hungarian State Property Agency (SPA) and individual Hungarian enterprises will be able

## \*Priorities

- Privatization
- Business Development
- Commercial Banking

to receive expert privatization advisers.

Since spring 1990, a full-time US adviser has been provided to the SPA. Computer and other equipment is being provided in addition to the \$250,000 already supplied to the SPA.

The International Executive Service Corps and Financial Services Volunteers Corps provides expertise on financial services, management, and privatization to Hungarian Government agencies and newly privatized or privatizing enterprises.

The Trade and Development Program is providing \$3 million in grants to support feasibility studies on infrastructure development projects mostly in the energy sector, environmental protection, transportation, and telecommunications. These grants have the dual purpose of promoting Hungarian development and involving US exports in infrastructure projects.

Under a USAID-administered emergency energy project, eight industrial plants and a refinery have received energy "audits" to identify ways to improve efficiency. US experts follow up with advice and the equipment installation to achieve these energy savings. The program also trained Hungarian officials in the use of world spot and futures markets to purchase oil.



The Aid to Artisans program will improve product design, increase business skills among artisans and artisan cooperative staff members, and provide strong and visible marketing links to the United States.

**Banking and Financial Services:** The United States supplies technical assistance to modernize Hungary's banking and financial services sector. Hungary has accepted an offer from the Treasury Department to provide long-term resident US advisers to the Finance Minister and to the Minister Without Portfolio in charge of banking reform.

The Department of Justice and the Federal Trade Commission are making experts available to assist in drafting new laws on banking and competition policy.

Bank regulatory authorities, such as the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency, provides training in bank supervision and examination for Hungarian regulatory authorities. In cooperation with the World Bank, the US Federal Reserve provides assistance to modernize Hungary's bank clearing and payments system.

The Treasury Department will assist to the International Training Center for Bankers in Budapest, including curriculum development and an internship program for placing Hungarian bankers in US banks and financial institutions.

The Security and Exchange Commission and the Financial Services Volunteer Corps have trained officials of the Budapest Stock Exchange and the State Securities Supervision (SSS). The SEC has advised the Hungarian

Government on company law and securities disclosure legislation and plans to send a long-term US adviser.

**Agriculture:** In the agricultural sector, up to 25 Hungarians will visit the United States to participate in USDA's Cochran Middle Income Fellowship Program. Participants in this program come from agribusiness, cooperatives, and other sectors, including banking. In 1992, USDA will provide additional technical assistance in agribusiness and food processing.

### Quality of Life

**Energy:** Hungary will receive \$10 million in the form of an Energy Sector Grant to reimburse it for US imports. Local currency generated from the grant will be used to provide a one-time subsidy to low-income energy consumers to reduce the impact of recent price increases.

The regional energy efficiency project will support a US-Hungarian electric utility exchange program and will assist with environmental aspects of energy use and nuclear safety.

Under a new regional energy project, Hungary will be eligible for technical assistance in such areas as environmental controls in power plants, exchanges of personnel with US utilities, continued assistance on energy efficiency in industry and district heating, as well as technical assistance in nuclear safety.

**Environment:** Experts from the EPA and USAID are developing an environmental action plan. Hungary is using US-funded technical assistance offered through the World Environment Center.

US technical assistance will support regional cooperation between Hungary and its neighbors on environmental projects, particularly in the Danube River basin.

EPA and Tennessee Valley Authority experts are helping develop a constructed wetlands pilot project for waste water treatment at Lake Tata, near Budapest.

Hungary, along with other East European countries, will be able to draw on the expertise and resources available through the Regional Environmental Center in Budapest. The United States has provided an additional \$1.7 million for funding the Center in FY 1991.

**Health:** Project HOPE has initiated programs to strengthen health care services.

The Brother's Brother Program will provide critically needed medical supplies.

Projects such as the Center for Disease Control and Project HOPE's influenza immunization program, which inoculated 80,000 Hungarian children last winter, will continue to receive funding.

USAID provides grants to sponsor linkages and exchanges between Hungarian and American health institutions.

The American Jewish Joint Distribution Committee has organized a program to develop skills and training to care for disadvantaged senior citizens.

**Housing:** USAID is giving about \$1 million in technical assistance to support private housing and urban development. Hungary is one of the first beneficiaries of USAID's regional \$35 million housing guarantee program to help finance private housing construction.

**Human Resource Development:** The YMCA has begun a program to strengthen the leadership capabilities of Hungary's youth.

# Poland

## Democratic Initiatives

The US Senate and House of Representatives supply equipment and training for Poland's national legislature. This program focuses primarily on the establishment of parliamentary procedures and development of effective research and information systems.

USAID will fund training for local and regional legislatures and for municipal managers in the basic skills of governance and public administration.

The International Media Fund supports independent media through the establishment of a Media Resource Center in Warsaw, training seminars for Polish broadcasters, and assistance to Echo TV in Wroclaw.

USIA administers several democratic initiative programs including book donations, training for journalists and media personnel, assistance in promoting educational reform and the rule of law, and programs to develop non-profit, civic, and professional organizations.

**English Teaching:** About 190 Peace Corps volunteers in Poland are teaching English, working on environmental projects, and assisting with small businesses.

USIA has assigned 10 teachers of English as a foreign language to Polish training institutes and has provided support services.

**Labor:** The Department of Labor provides \$3.7 million in technical assistance during FY 1991 to promote public employment service reform, dislocated worker programs, private placement and training services, training in entrepreneurial and construction crafts skills, economic education for workers, assistance in developing an better unemployment benefits system, labor statistics gathering, labor-management relations, and occupational safety and health. In

addition, the Labor Department is conducting a number of labor studies programs in the United States that are available to participants from beneficiary countries in the region.

**Management Training:** USAID provides grants to several American and Polish universities and consortia for training in management and market economics. These include the Midwest University Consortium for International Activities and Warsaw University; the University of Minnesota, the American Trust for Agriculture in Poland, and the Warsaw School of Economics; Ohio State University with three Polish universities; the Universities of Wisconsin and Warsaw; and the Central Connecticut State University and Wroclaw Technical University. Total funding is \$4.7 million.

USIA has provided grants to two American universities to develop management training in Polish universities. In addition, nine young Polish faculty members and managers will spend an academic year at US universities as Alexander Hamilton Fellows, followed by a 2-3 month internship.

Video series on private business and economic issues are being translated by USIA for broadcast on Polish television.

## Economic Restructuring

USAID is implementing a multi-million dollar project to provide expert advisers and consultants to support privatization of state enterprises. Programs include:

- A \$2-million small business development project;
- A \$2.2-million contract to privatize 9-12 small to medium size firms; and
- A \$2-million grant for the International Finance Corporation for the Polish Business Advisory Service.

## Priorities

- Currency Stabilization
- Privatization
- Economic Reconstruction
- New Business Formation
- Energy

The privately managed Polish-American Enterprise Fund received \$35 million in FY 1990 and was given an additional \$69 million in FY 1991. Funding is presently authorized at a total capitalization of \$245 million. The fund can take equity or debt positions in new private businesses, joint ventures, or recently privatized enterprises. Now, it is financing private banking, agribusiness projects and new housing construction, as well as hundreds of loans to small businesses.

In 1990, the United States granted \$200 million to the Polish Stabilization Fund as part of a US-led multi-donor hard currency reserve. The Fund has made limited convertibility of the *zloty* possible by creating a reserve to be used by the Polish Government if additional foreign exchange is needed. Poland has not had to draw on the Fund to date and has earned substantial interest which will be used to support economic programs. The \$200 million will revert to the Polish Government when it is no longer needed.

USAID provides several million dollars to improve Poland's energy efficiency. Energy audits at several Polish factories and refineries have identified energy conservation measures. Teams of US experts are now installing equipment and implementing these measures. The project also provides training and support for improving oil procurement on world spot and futures markets.

A regional energy efficiency project provides assistance for Poland's first major private power project—a US-Poland electric utility partnership—and US participation in a joint UK/EC energy restructuring and privatization assistance team.

In addition, a resident adviser on privatization is attached to the Polish Ministry of Ownership Transformation.

Both the International Executive Service Corps and the Financial Services Volunteer Corps—private-sector initiatives with US Government support—are supplying more than 100 advisers in 1992 to individual enterprises and the Polish Government in management and privatization.

The Trade and Development Program finances more than \$4 million in feasibility studies, consultancies, and training programs for major development projects in Poland.

The Citizens Democracy Corps helps mobilize US corporate and private foundation resources to support Poland's transition. CDC Chairman Drew Lewis is leading an effort to modernize the Polish transportation and distribution system.

The Treasury Department supports commercial bank training institutions, including the school of the National Bank of Poland in Katowice. This support includes curriculum development and instructor and staff training.

The Treasury Department has also recruited resident long-term advisers in Poland.

The National Telephone Cooperative Agency works with the Polish Telephone Foundation to provide training and support for rural telephone services.

The Securities and Exchange Commission has provided assistance in the area of capital market development.

**Agriculture:** Poland received \$97 million in US food aid in FY 1990. This assistance generated local currency through the sale of the

donated commodities. These funds are being used to develop Polish agriculture and to support humanitarian initiatives and rural development.

The Volunteers for Overseas Cooperative Assistance, also known as "Farmers to Farmers", is placing American farmers and agricultural experts in Polish cooperatives to assist in privatization, management, and agribusiness. Supporting this program, the Land of Lakes cooperative and the Agricultural Cooperative Development International are supplying technical assistance.

The US Department of Agriculture is providing fellowships to farmers and professionals in agribusiness through its Cochran Middle Income Exchange Program. USDA's extension service program and its research service have been active in supporting Polish agriculture. Poland also will be eligible for assistance under an agriculture/agribusiness project being designed by USAID.

Technoserve will create a local institution to support agricultural enterprise development.

### Quality of Life

**Environment:** USAID, the Environmental Protection Agency, and the Department of Energy provide equipment and technical assistance to transfer clean-coal technology, to improve air and water quality, and to reduce environmental degradation. The United States has also helped finance energy efficiency centers in Warsaw and Katowice to disseminate information and apply local expertise in the promotion of energy conservation.

Plans are underway for a \$20 million (\$3 million in FY 1991) project, administered by the Department of Energy, to help Krakow reduce air pollution from small coal-fired boilers and home furnaces.

A \$5 million, 3-year project has been funded to improve air monitoring and water quality in the Krakow area. In FY 1991, six air monitoring

stations were activated and laboratory equipment for the water quality project was installed.

The Department of Energy has selected a US company to install an advanced sulphur-emission control system at the Skawina coal-fired power plant. This project, which may cost \$7.7 million, will serve as a model for retrofitting other coal-fired plants.

Regional environmental projects have been designed for Upper Silesia, the Katowice/Ostrava corridor, and the area around the Manurian Lakes.

**Housing:** USAID will provide technical experts for several public housing projects, including two 100-unit model cooperative developments.

Other programs will support the privatization of public housing and the creation of a private real estate market and home finance system.

In September 1991, USAID established a regional \$85-million guarantee program to help finance private housing construction. Poland will be the first recipient of assistance in this program.

USAID is also sponsoring training programs in housing management, land use, and property appraisal, as well as transferring housing construction skills to Poland.

**Health:** Project HOPE is running a 3-year program to enhance health care service capabilities.

Poland has received donated vaccines and equipment, and an additional 100,000 doses of vaccine will be provided in 1991. USAID will also conduct an exchange program between Polish and American health institutions.

The Polish American Congress provides assistance and medical equipment to Polish rehabilitation centers for the aged and for disabled children.

The YMCA has begun a 3-year program to strengthen leadership capabilities of Poland's youth.

# Romania

## Democratic Initiatives

**Democratic Institution-Building:** The National Democratic Institute and the National Republican Institute each have a full-time representative in Bucharest for 1 year to work with parties and civic organizations.

The International Media Fund is providing support to the Bucharest School of Journalism and the Society for the Organization of Independent Television (SOTI), the Romanian newspaper, *Romania Libera*, and to assist in the creation of short-range FM radio stations and television production studios. In addition, USIA's International Media Training Center will conduct a television workshop.

Under its Rule of Law program, USIA will conduct a judicial seminar and place a long-term legal adviser into Romania to assist with the drafting and revising of laws and administrative procedures, and with the establishment and training of independent judicial and regulatory institutions.

USIA also supports educational reform programs through the Books for Democracy program and provides about \$500,000 to support an English language-training program.

**Management Training:** The University of Washington and Washington State University will conduct management training and market economics education programs, totaling \$1.2 million in FY 1991 and FY 1992.

Under a USIA grant, the University of Nebraska at Omaha

will provide management training expertise to the Al I Cuza University in Tasi. Six Romanian faculty members and managers will spend 1 year at US universities as Alexander Hamilton fellows, followed by 2-3 month internships. Three American Hamilton Fellows will be sent to Romania. Video series on private business and economic issues have also been acquired for translation and possible broadcast on Romanian television.

## Economic Restructuring

Romania will be included in regional technical assistance programs which promote private sector development. These programs will include privatization and agribusiness, the development of a stock exchange, banker training, and the creation of modern tax policies.

The US Trade and Development Program will offer grants for infra-structural feasibility studies in FY 1992.

The Treasury Department will assign two US long-term policy advisers to the Ministry of Economy and Finance in FY 1992.

## Quality of Life

**Romanian Children/Family Planning:** US assistance for institutionalized children seeks to improve health care and general living conditions. In FY 1990, the US Congress appropriated \$4 million for assistance to Romanian children. Of this, \$2 million was granted to the UN Children's Fund (UNICEF) and \$2 million to a consortium of US private voluntary organizations. This consortium—which includes

### Priorities

- Democratic institutions
- Humanitarian assistance

Private Agencies Cooperating Together (PACT), Project Concern International, and World Vision—hopes to generate an additional \$9 million from private sources.

In FY 1991, Congress earmarked \$1.5 million for assistance to institutionalized Romanian children. USAID has funded five proposals to assist these children under the PVO initiatives grant program, more than doubling congressional funding. The five projects are: Project Concern International, Operation Smile, Operation Blessing, Feed the Children, and World Vision Relief and Development (to train Romanian health care professionals and lay care providers to deliver comprehensive services to the handicapped and to initiate a community-based health care network).

In a separate project, Project Concern International has fielded two medical teams to perform treatment on about 100 institutionalized children.

In January 1991, Holt International Children's Service received a \$325,000 sub-grant from USAID, through PACT, to carry out adoption-related activities in Romania. This program provides training and technical assistance to reunite Romanian children with their



families or placed in adoptive homes.

In addition, the Peace Corps has 18 American volunteers serving directly in several orphanages to help in early childhood development, special education, and community outreach.

In FY 1992, the Department of Labor will extend its regional Labor Markets Transitions Project to Romania. This program will help the Romanians design social assistance and retraining programs for workers displaced by privatization and industrial reorganization.

In family planning, USAID has designed a project to establish a clinical data base to define both family planning and women's health needs, improve the capability of

Romanian medical personnel to provide family planning services and information, and give support to local family planning associations.

**Humanitarian/Food Assistance:**  
The United States provided \$71 million worth of food assistance to Romania in FY 1990 and approximately \$40 million in FY 1991.

Romania is eligible for technical and other assistance under the Emergency Medical Assistance Program, which provides medicines and medical supplies to targeted populations, and the Partnerships in Health Care Project, which links American and Romanian hospitals.

Romania is also eligible for technical assistance and medical supplies. Project HOPE and the Romanian Government have developed and submitted to USAID a hepatitis eradication program involving such donors as the World Health Organization, UNICEF, and *Medicins Sans Frontier*.

**Emergency Energy Assistance:**  
USAID will supply technical assistance, equipment, and material support in the energy area. A program of energy audits, conducted at eight plants, to identify short-term efficiency measures is underway. The World Bank is assisting with a training program and advice on energy policy reform in Romania.

# Yugoslavia\*

## Democratic Initiatives

The United States has funded several initiatives to support political reform in Yugoslavia, including international monitoring of elections by groups such as the National Republican Institute.

Programs scheduled for this year include: support for independent broadcast and print media from the International Media Fund, training for democratic political parties in Serbia by the National Republican Institute and the National Democratic Institute, civic education programs in democracy, and support for legislatures.

USIA is providing a broad range of programs including book donations and exchanges in law, education and educational reform, the environment, management, mass media, and the development of non-profit organizations.

**Management Training:** USAID is planning to fund a \$1 million program organized by the University of Nebraska on management and entrepreneurial training.

USIA has provided a grant to the University of Kentucky to develop management training expertise at the University of

Zagreb starting in August 1991.

Five faculty members and managers will spend 1 year at a US university as Alexander Hamilton Fellows, followed by a 2-8 month internship. Six US Hamilton fellows will be sent to Yugoslavia. Video series on private business and economic issues have also been acquired for translation and broadcast on local television.

**English Teaching:** USIA will place five US teachers of English as a Foreign Language in training institutes and will provide teaching materials and textbooks.

## Economic Restructuring

**Banking and Financial Services:** The Treasury Department has signed a memorandum of understanding with the Yugoslav Bankers Association to help support a commercial bank training institute to be headquartered in Belgrade. Total US Government funding is \$2 million.

Treasury has offered to place a long-term resident adviser in the Federal Finance Ministry and a senior commercial bank privatization expert in the National Bank of Yugoslavia.

The Internal Revenue Service has made short-term tax advisers available to assist on tax reforms. Yugoslavia would be eligible for use of a regional tax policy advisory team to be headquartered elsewhere in Europe.

The Financial Services Volunteer Corps is considering several requests for technical assistance to support bank reforms and privatization in the financial sector.

**Privatization:** USAID is funding a long-term resident adviser attached to the Federal Ministry of Industry in Belgrade to support privatization efforts.

## Priority

• Banking financial services

The International Executive Service Corps (IESC) has opened offices in Zagreb and Belgrade. The IESC is placing retired business executives in local enterprises as management and privatization advisers. IESC experts have also worked on the development of Yugoslavia's stock exchanges.

**Energy:** Under USAID's Emergency Energy Program, US experts have completed energy audits at several Yugoslav factories and refineries. In follow-up visits, US technicians have carried out measures and installed equipment to improve energy efficiency in these plants. Another element of the program is training Yugoslavs in the effective purchase of oil on the international spot and futures markets.

## Quality of Life

**Environment:** Through a cooperative arrangement with the World Environmental Center, the United States supplies technical assistance and training in industrial health, safety, and pollution prevention. Yugoslavia also can draw on the expertise and resources of the Regional Environment Center in Budapest.

**Health Care:** USAID has provided emergency influenza vaccinations and some antibiotics through Project HOPE. Yugoslavia will also be eligible for a program this year to link local health care facilities with American hospitals. ■

\* The Nickles-Bentley Amendment to the FY 1991 Foreign Operations Appropriation Act, the Congressional legislation authorizing the FY 1991 assistance program to Central and Eastern Europe, went into effect on May 5, 1991. The amendment restricted assistance to Yugoslavia to the areas of humanitarian aid and support for democratic reform and human rights, unless Yugoslavia had, by that date, conducted free and fair elections in all of its republics and was observing its human rights commitments. On May 27, Secretary Baker invoked the discretionary waiver authority in the amendment to allow the US to resume assistance on a discretionary basis. US assistance will now be directed to Yugoslav Federal and Republic authorities on the basis of their commitment to democratic and market-oriented reforms.